

Message Text

LIMITED OFFICIAL USE

PAGE 01 ISLAMA 08311 151247Z
ACTION TRSE-00

INFO OCT-01 EA-07 NEA-10 ISO-00 IO-13 H-01 L-03 PRS-01
PA-01 SP-02 USIA-06 AID-05 EB-08 NSC-05 SS-15
STR-04 OMB-01 CEA-01 CIAE-00 COME-00 FRB-03
INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04 SIL-01 /104 W
-----038415 151403Z /50

R 151110Z AUG 77
FM AMEMBASSY ISLAMABAD
TO SECSTATE WASHDC 3369
INFO AMEMBASSY MANILA

LIMITED OFFICIAL USE ISLAMABAD 8311

MANILA FOR USADB

DEPT FOR NAC AGENCIES

E.O. 11652: N/A
TAGS: EAID, EFIN, PK
SUBJECT: PROPOSED ADB LOAN FOR NATIONAL FINANCE CORPORATION
PROJECT TO PAKISTAN

REF: MANILA 12400

1. WE CONCUR WITH USADB FOR US RECOMMENDATION OF SUPPORT
FOR PROPOSED LOAN. WE UNDERSTAND USADB PREFERENCE FOR
PRIVATE SECTOR LENDING AND AGREE THAT DEVELOPMENTS IN
PAKISTAN IN RECENT YEARS HAVE SHARPLY REDUCED THE
OPPORTUNITIES FOR PRIVATE SECTOR LENDING. WHILE THIS IS
NOT IN ITSELF REASON TO DECREASE ADB'S ROLE IN PAKISTAN,
IT DOES INCREASE THE RESPONSIBILITY OF THE NDFC AND IN
TURN ADB TO ASSURE THAT PUBLIC SECTOR INDUSTRIAL PROJECTS
FOR WHICH FINANCING IS SOUGHT ARE ECONOMICALLY AND
FINANCIALLY RATIONAL. EACH PROPOSAL SHOULD BE SUPPORTED
BY A THOROUGH ANALYSIS OF FEASIBILITY. WHILE UNUSUAL
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 ISLAMA 08311 151247Z

CASES INVOLVING SUBSTANTIAL EXTERNALITIES OR
CONTRIBUTION TO SOCIAL OVERHEAD CAPITAL MLDIYAD TO
SOME EXCEPTIONS, GENERALLY PROJECTS SHOULD PROMISE
A HIGH RATE OF RETURN -- PERHAPS 15 PERCENT AT A
MINIMUM.

2. THE GOP MAY BE TEMPTED TO FAVOR FAST DISBURSING

PROJECTS RATHER THAN THOSE WITH THE GREATEST INTERNAL
RETURN OR CONTRIBUTION TO DEVELOPMENT IN VIEW OF ITS
CRITICAL BALANCE OF PAYMENTS SITUATION. THERE IS A
FURTHER DANGER OF MISALLOCATION OF RESOURCES BECAUSE
THE LENDING RATE NDFC PLANS TO USE (LIKE OTHER
LENDING RATES IN PAKISTAN) IS ARBITRARY AND BELOW
EQUILIBRIUM -- AND EVEN BELOW THE RATE OF INFLATION.
IN THIS REGARD, THE U.S. DIRECTOR MAY WISH TO NOTE
WITH APPROVAL THAT DEPOSIT RATES PAID BY NDFC, WHILE
STILL TOO LOW TO ATTRACT SIGNIFICANT AMOUNTS OF
SAVINGS, ARE MORE REALISTIC THAN THOSE SET FOR
PAKISTAN'S COMMERCIAL BANKING INSTITUTIONS.
HUMMEL

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INDUSTRIAL DEVELOPMENT, LOANS, PROGRAMS (PROJECTS)
Control Number: n/a
Copy: SINGLE
Sent Date: 15-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977ISLAMA08311
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770293-1018
Format: TEL
From: ISLAMABAD
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770862/aaaacaik.tel
Line Count: 75
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: ac1cf25a-c288-dd11-92da-001cc4696bcc
Office: ACTION TRSE
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 MANILA 12400
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 23-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1604418
Secure: OPEN
Status: NATIVE
Subject: PROPOSED ADB LOAN FOR NATIONAL FINANCE CORPORATION PROJECT TO PAKISTAN
TAGS: EAID, EFIN, PK, ADB
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/ac1cf25a-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009